

2014 BUDGET LEGISLATION FISCAL NOTE

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Legislation Title:

AN ORDINANCE relating to the water system of The City of Seattle; amending Ordinance 121939 to conform Ordinance 121939 to reflect changes recently made by the City to update its standard form of bond ordinance; and ratifying and confirming certain prior acts.

Summary and background of the Legislation:

Ordinance 121939 authorizes the City to refund (refinance) Water System bonds in order to capture interest rate savings. The attached legislation amends that ordinance to conform to the City's other current bond ordinances (which were revised this year to address recent statutory changes).

When market interest rates fall, substantial savings may be realized if the City can act quickly to refund (refinance) its outstanding bonds. Over the past 15 years, the City and its utilities have saved over \$300 million through such strategic refundings. When a refunding opportunity emerges, there may not be sufficient time for the City to follow its normal process of drafting, reviewing, and adopting an authorizing ordinance. The attached legislation authorizes the City to refund any of its outstanding general obligation bonds under certain conditions. The City's Debt Management Policy Advisory Committee must approve all bond issues. In addition, refundings are guided by the Council-adopted Debt Management Policies. As always, Council must still approve the bond resolution for each issue.

X This legislation has financial implications.

Other Implications:

a) Does the legislation have indirect financial implications, or long-term implications?

This legislation enables the City to act more quickly to take advantage of savings opportunities.

b) What is the financial cost of not implementing the legislation?

Small changes in market interest rates can result in substantial losses to the City.

c) Does this legislation affect any departments besides the originating department?

SPU and FAS.

- d) What are the possible alternatives to the legislation that could achieve the same or similar objectives?**

There are no viable alternatives.

- e) Is a public hearing required for this legislation?**

No.

- f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**

No.

- g) Does this legislation affect a piece of property?**

No.

- h) Other Issues:**

None.

List attachments to the fiscal note below:

None.